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RUEHAR/AMEMBASSY ACCRA 3268
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RUEHDK/AMEMBASSY DAKAR 3006
RUEHKM/AMEMBASSY KAMPALA 0067
RUEHNR/AMEMBASSY NAIROBI 0069
RUEAIIA/CIA WASHDC
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C O N F I D E N T I A L SECTION 01 OF 03 HARARE 000036

SIPDIS

AF/S FOR BRIAN WALCH
NSC FOR SENIOR AFRICA DIRECTOR MICHELLE GAVIN
MAPUTO FOR POL/ECON

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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [EMIN](#) [ASEC](#) [ZI](#) [MZ](#)
SUBJECT: FISHMONGERS UPDATED ON DIAMONDS IN ZIM

Classified By: Ambassador Charles Ray for Reason: 1.4 (d).

SUMMARY

¶1. (SBU) On January 14, Andrew Cranswick, CEO of African Consolidated Resources (ACR), and Greg Sebborn, an ACR special projects consultant, briefed the Fishmongers heads of mission group on current activities regarding their claims dispute with the Government of Zimbabwe (GOZ) over diamond fields in Marange. They also told the Fishmongers that a significant amount of diamonds were being smuggled to RENAMO stronghold areas in Mozambique. A large sale of diamonds from Marange was canceled earlier this month at the last minute by the GOZ because of non-compliance with the Kimberley process. We continue to receive reports of human rights violations in the Marange area. END SUMMARY.

GOZ Ignores Court Rulings in Favor of ACR

¶2. (SBU) Cranswick and Sebborn met with the Fishmongers on January 14 to discuss ACR claims and the current situation in Marange. Last year, despite ACR claims to a large area in Marange (Chiadzwa) and a High Court order validating the claims, the state-owned Zimbabwe Mining Development Corporation (ZMDC) entered into joint ventures with two private companies to form Mbada Mining Ltd and Canadile Miners Ltd for the purpose of exploiting the Marange diamond fields.

¶3. (SBU) The High Court order by Justice Charles Hungwe validating ACR's claims with immediate effect was handed down in September 2009. The State appealed that part of the ruling which said the order should take immediate effect; the appeal is proceeding. After Mbada and Canadile took possession, ACR sought an emergency eviction order. This was denied. Despite Hungwe's ruling, Mbada and Canadile continue to operate.

¶4. (SBU) In a somewhat contradictory move, the Ministry of Mines, which has argued that ACR's claims are invalid, sent

ACR a letter stating that the claims had been canceled. To justify the cancellation, according to Cranswick and Sebborn, Minister of Mines Obert Mpofu forged documents to indicate that ACR's claims are in an area alleged to have been previously reserved by the GOZ for gold mining. Apart from the forgery, there is no official record that the area was reserved.

Who's Benefiting?

15. (SBU) On January 7, 2010, Mbada attempted to hold an auction offering 300,000 carats for sale. The auction was later canceled by the Ministry of Mines; the government claimed Mbada had failed to follow proper administrative procedures. Had the auction been held, it would have been a clear violation of the Kimberley Process Certification Scheme's (KPCS) joint work plan adopted and agreed upon with Zimbabwe in November 2009, stipulating that all diamonds intended for export must be inspected by a KPCS monitor. (NOTE: A monitor has not yet been appointed; the GOZ rejected the monitor suggested by the Kimberley Process. END NOTE.) Qthe monitor suggested by the Kimberley Process. END NOTE.) According to Cranswick and Sebborn, all of the diamonds slated for sale were only a fraction of extracted diamonds at the site and would have been only mid- and low-grade diamonds. The auction was merely intended as a mechanism to legitimize their operations.

16. (SBU) Based on actual Mbada production figures for a
HARARE 00000036 002 OF 003

42-day period in September and October obtained by ACR, Cranswick and Sebborn estimated that the annual sales value for Mbada industrial diamonds (about 50 percent of mined diamonds) would be over US\$286,000,000. For gem quality (the other 50 percent ranging from near gem to excellent quality), the annual sales value would be US\$1,375,760,000. Production could be increased 10-fold, according to Cranswick and Sebborn.

17. (SBU) According to Cranswick and Sebborn, about 15 percent of the Mbada diamonds are stolen and presumably sold in Mozambique. ACR has no production figures for Canadile; they presume that most Canadile diamonds are sold illegally in Mozambique or elsewhere. They noted that the Ndau ethnic group, related to the Manyika, are predominant in the Marange area as well as on the Mozambique side of the border which is a RENAMO stronghold. They told the Fishmongers that large stores of weapons remain in the area and speculated that diamonds could be traded for arms.

18. (SBU) While it is generally assumed in Harare that large profits from diamonds sales have gone to the military or ZANU-PF insiders, neither Cranswick or Sebborn, nor anyone else we have talked with, knows who is benefiting. A ministerial committee (ZANU-PF ministers Mpofu and Emmerson Mnangagwa, MDC-T ministers Tendai Biti and Elton Mangoma, and MDC-M minister Welshman Ncube) has been appointed to look into the situation, but until now has not taken action. We asked Minister of State Gordon Moyo why MDC-T has not investigated given that diamond profits could be used to support the government but are likely being used to benefit the military and ZANU-PF insiders. He responded that MDC-T is concerned, but is waiting for the ministerial committee to investigate. Sebborn told us on January 21 that MDC-T may be waking up. He had a recent conversation with Biti, and Tsvangirai and an MDC-T lawyer with whom Sebborn had met were planning to meet with ZANU-PF Acting Minister of Mines Emmerson Mnangagwa.

Human Rights and Labor Abuses Continue

¶9. (SBU) An NGO operating in Mutare, the Center for Research and Development (CRD), continues to report human rights abuses in and around the Chiadzwa mining field based on sources working for Mbada, Canadile, and other informal miners. These unconfirmed reports indicate that soldiers in the area "regularly" raid a local business center where they beat mine workers and locals and steal any cash, illicit diamonds, or other valuables.

¶10. (SBU) CRD also reports that a new "operation" has begun, Operation Gwejeline (slang for "female panner"), whereby soldiers round up women at local shops, force-march them to the mountains, rape them, and force them to sing songs. CRD estimates this occurs at least twice per month. In addition, soldiers have rounded up citizens and mining company employees, stripped them of any cash and valuables and beat them, sometimes leaving the victims naked. According to CRD, "the soldiers do as they please and are pretty much above the law."

¶11. (SBU) CRD also described harsh labor conditions at the Mbada and Canadile sites. According to CRD, there is no running water and 150 employees share one Blair (pit) toilet. Employees work 12 hours every day and are not allowed to rest during weekends. Mbada employees are paid US\$300 per month and not allowed to claim overtime. CRD further reported that on several occasions, mining employees caught stealing have been turned over to soldiers who beat them in the nearby mountains; the beaten employees never returned to work and their fate is unknown. CRD told us it has a copy of a letter from the Minister of Labor, Paurina Gwanyanya

HARARE 00000036 003 OF 003

(MDC-T) to Canadile, informing them that the Ministry was launching an investigation into breaches of Zimbabwean labor law.

COMMENT

¶12. (SBU) We have seen no indication that the Ministry of Mines or ZMDC is interested in transparency or complying in full with the Kimberley Process. It is clear that ZANU-PF insiders and/or the military are seeking to circumvent the Kimberley process for their own ends. What is unclear is why MDC-T, on behalf of a cash-strapped government, has not been proactive in trying to bring Marange under control. Perhaps in part to prolong MDC-T acquiescence, the Ministry of Mines is unwilling to entirely turn its back on the KPCS, instead seeking shortcuts that might minimally satisfy their commitments without sacrificing opportunities for illicit enrichment. The GOZ's attempt to appoint its own monitor is a case in point. END COMMENT.

RAY